

Comparative Matrix of proposed amendments to Companies Act 2017

S#	Existing provisions of Companies Act	Proposed changes
1.	<p>A separate definition is proposed in section 2(1)</p> <p>(49) —private company^l means a company which, by its articles-</p> <p>(a) restricts the right to transfer its shares;</p> <p>(b) limits the number of its members to fifty not including persons who are in the employment of the company; and</p> <p>(c) prohibits any invitation to the public to subscribe for the shares, if any, or debentures or redeemable capital of the company:</p> <p>Provided that, where two or more persons hold one or more shares in a company jointly, they shall, for the</p>	<p>(67A) “startup company” means a company that—</p> <p>(a) is in existence for not more than ten years from the date of its incorporation or such other period or periods as may be specified; and</p> <p>(b) has a turnover for any of the financial years since incorporation that is not greater than five hundred million rupees or such other amount or amounts as may be specified; and</p> <p>(c) is working towards the innovation, development or improvement of products or processes or services, or is a scalable business model with a high potential of employment generation or wealth creation, or for such other purposes as may be specified; or</p> <p>(d) such other companies or classes of companies as may be notified by the Commission:</p> <p>Provided that a company formed by the splitting up or reconstruction of an existing company shall not be considered as a startup company;</p>

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	<p>purposes of this definition, be treated as a single member;</p> <p>(72) “valuer” means a valuer registered with the Commission;</p>	<p>(49) “private company means a company which, by its articles-</p> <p>(a) restricts the right to transfer its shares save as otherwise provided under this Act;</p> <p>(b) limits the number of its members to fifty not including persons who are in the employment of the company; and</p> <p>(c) prohibits any invitation to the public to subscribe for the shares, if any, or debentures or redeemable capital of the company:</p> <p>Provided that, where two or more persons hold one or more shares in a company jointly, they shall, for the purposes of this definition, be treated as a single member;</p> <p>(72) “valuer” means a valuer notified by the Commission;</p>
2.	<p>6. Procedure of the Court and appeal.—(1) Notwithstanding anything contained in any other law for the time being in force all written submissions to the Court under this Act shall be filed with the Registrar of the Company Bench.</p> <p>(2) For the purposes of this Act, written submissions shall, <i>inter alia</i>, include-</p> <p>(a) a petition or application setting out a concise statement of facts, grounds and the relief claimed;</p>	<p>6. Procedure of the Court and appeal.—(1) Notwithstanding anything contained in any other law for the time being in force all written submissions to the Court under this Act shall be filed with the Registrar of the Company Bench.</p> <p>(2) For the purposes of this Act, written submissions shall, <i>inter alia</i>, include-</p> <p>(a) a petition or application setting out a concise statement of facts, grounds and the relief claimed;</p> <p>(b) a written reply with particulars of set off, if any;</p>

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	<p>(b) a written reply with particulars of set off, if any;</p> <p>(c) an affidavit of facts by the petitioner or applicant, or respondent, as the case may be, including affidavits, if required, of other persons in support of the case, duly attested by the oath commissioner, or as may be provided under the rules;</p> <p>(d) any other relevant documents in possession of the petitioner or applicant or respondent, as the case may be;</p> <p>(e) any application for discovery of documents or interim injunction, if required;</p> <p>(f) a list of any case law along with a summary of the same on which the petitioner or applicant is placing reliance;</p> <p>(g) address for effecting service, mobile number, email and fax or any other mode notified by the Court; and</p> <p>(h) any other document as may be required by the Registrar of the Company Bench. ----- -----</p>	<p>(c) an affidavit of facts by the petitioner or applicant, or respondent, as the case may be, including affidavits, if required, of other persons in support of the case, duly attested by the oath commissioner, or as may be provided under the rules;</p> <p>(d) any other relevant documents in possession of the petitioner or applicant or respondent, as the case may be;</p> <p>(e) any application for discovery of documents or any category or classes of documents from the defendant or interim injunction, if required;</p> <p>(f) a list of any case law along with a summary of the same on which the petitioner or applicant is placing reliance;</p> <p>(g) address for effecting service, mobile number, email and fax or any other mode notified by the Court; and</p> <p>(h) any other document as may be required by the Registrar of the Company Bench. -----</p>
3.	<p>17. Effect of memorandum and articles.—(1) The memorandum and articles shall, when registered, bind the company and the members thereof to the same extent as if they respectively had been signed by each</p>	<p>17. Effect of memorandum and articles.—(1) The memorandum and articles shall, when registered, bind the company and the members thereof to the same extent as if they respectively had been signed by each member and contained a covenant on the part of each member, his heirs and legal</p>

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	<p>member and contained a covenant on the part of each member, his heirs and legal representatives, to observe and be bound by all the provisions of the memorandum and of the articles, subject to the provisions of this Act.</p> <p>(2) All moneys payable by a subscriber in pursuance of his undertaking in the memorandum of association against the shares subscribed shall be a debt due from him and be payable in cash within thirty days from the date of incorporation of the company:</p> <p>Provided that in case the share money is not deposited within the prescribed time, the shares shall be deemed to be cancelled and the name of that subscriber shall be removed from the register and the registrar shall give such direction to the company in each case as deemed appropriate for compliance with the provisions of the company law.</p> <p>(3) The receipt of subscription money from the subscribers shall be reported by the company to the registrar on a specified form within forty-five days from the date of incorporation of the company, accompanied by a certificate by a practicing chartered accountant or a cost and management accountant verifying receipt of the money so subscribed.</p>	<p>representatives, to observe and be bound by all the provisions of the memorandum and of the articles, subject to the provisions of this Act.</p> <p>(2) All moneys payable by a subscriber in pursuance of his undertaking in the memorandum of association against the shares subscribed shall be a debt due from him and be payable in such time, manner and condition as may be notified. :</p> <p>.</p> <p>.</p>

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4.	<p>18. Effect of registration.—The registration of the company has the following effects, as from the date of incorporation—</p> <p>(a) the subscribers to the memorandum, together with such other persons as may from time to time become members of the company, are a body corporate by the name stated in the certificate of incorporation;</p> <p>(b) the body corporate is capable of exercising all the functions of an incorporated company, having perpetual succession and a common seal;</p> <p>(c) the status and registered office of the company are as stated in, or in connection with, the application for registration;</p> <p>(d) in case of a company having share capital, the subscribers to the memorandum become holders of the initial shares; and</p> <p style="padding-left: 40px;">(d) the persons named in the articles of association as proposed directors, are deemed to have been appointed to that office.</p>	<p>18. Effect of registration.—The registration of the company has the following effects, as from the date of incorporation—</p> <p>(a) the subscribers to the memorandum, together with such other persons as may from time to time become members of the company, are a body corporate by the name stated in the certificate of incorporation;</p> <p>(b) the body corporate is capable of exercising all the functions of an incorporated company and having perpetual succession;</p> <p>(c) the status and registered office of the company are as stated in, or in connection with, the application for registration;</p> <p>(d) in case of a company having share capital, the subscribers to the memorandum become holders of the initial shares; and</p> <p>(e) the persons named in the articles of association as proposed directors, are deemed to have been appointed to that office.</p>
5.	<p>23. Company to have common seal.—(1) Every company shall have a common seal.</p> <p>(2) A company's common seal must be a seal having the company's name engraved on it in legible form.</p>	<p>23. Company to have common seal.—(1) <u>A company may have a common seal, but need not have one.</u></p>

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	<p>(3) If any of the provision of this section is contravened or an officer of a company or a person on behalf of a company uses or authorises the use of another seal that purports to be the company's common seal, shall be liable to a penalty not exceeding of level 1 on the standard scale.</p>	
6.	<p>31. Memorandum to be printed, signed and dated.—The memorandum shall be—</p> <p>(a) printed in the manner generally acceptable;</p> <p>(b) divided into paragraphs numbered consecutively;</p> <p>(c) signed by each subscriber, who shall add his present name in full, his occupation and father's name or, in the case of a married woman or widow, her husband's or deceased husband's name in full, his nationality and his usual residential address and such other particulars as may be specified, in the presence of a witness who shall attest the signature and shall likewise add his particulars; and</p> <p>(d) dated.</p>	<p>31. Memorandum to be printed, signed and dated.—The memorandum shall be—</p> <p>(a) printed in the manner generally acceptable;</p> <p>(b) divided into paragraphs numbered consecutively;</p> <p>(c) signed by each subscriber, who shall add his present name in full, his occupation , nationality, usual residential address and such other particulars as may be specified, in the presence of a witness who shall attest the signature and shall likewise add his particulars; and</p> <p>(d) dated.</p>
7.	<p>37. Articles to be printed, signed and dated.—The articles shall be—</p> <p>(a) printed in the manner generally acceptable;</p> <p>(b) divided into paragraphs numbered consecutively;</p> <p>(c) signed by each subscriber, who shall add his present name in full, his occupation and father's name</p>	<p>37. Articles to be printed, signed and dated.—The articles shall be—</p> <p>(a) printed in the manner generally acceptable;</p> <p>(b) divided into paragraphs numbered consecutively;</p> <p>(c) signed by each subscriber, who shall add his present name in full, his occupation , nationality, usual residential address and such other particulars</p>

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	<p>or, in the case of a married woman or widow, her husband's or deceased husband's name in full, his nationality and his usual residential address and such other particulars as may be specified, in the presence of a witness who shall attest the signature and shall likewise add his particulars; and</p> <p>(d) dated.</p>	<p>as may be specified, in the presence of a witness who shall attest the signature and shall likewise add his particulars; and</p> <p>(d) dated.</p>
8.	<p>62. Shares certificate to be evidence.—(1) A certificate, if issued in physical form under common seal of the company or under official seal, which must be facsimile of the company's common seal, or issued in book-entry form, specifying the shares held by any person or shares held in central depository system shall be <i>prima facie</i> evidence of the title of the person to such shares.</p> <p>(2) Notwithstanding anything contained in the articles of a company, the manner of issue of a certificate of shares, the form of such certificate and other matters shall be such as may be specified.</p>	<p>62. Shares certificate to be evidence.—(1) A certificate, if issued in physical form under signature of authorized officer of the company as may be specified, or issued in book-entry form, specifying the shares held by any person or shares held in central depository system shall be <i>prima facie</i> evidence of the title of the person to such shares.</p> <p>(2) Notwithstanding anything contained in the articles of a company, the manner of issue of a certificate of shares, the form of such certificate and other matters shall be such as may be specified.</p>
9.	<p>83. Further issue of capital.—(1) Where the directors decide to increase share capital of the company by</p>	<p>83. Further issue of capital.—(1) Where the company decides to increase the share capital of the company by the issue of further shares, such shares shall be offered:</p>

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	<p>issue of further share capital, such shares shall be offered:</p> <p>(a) to persons who, at the date of the offer, are members of the company in proportion to the existing shares held by sending a letter of offer subject to the following conditions, namely—</p> <p>(i) the shares so offered shall be strictly in proportion to the shares already held in respective kinds and classes;</p> <p>(ii) the letter of offer shall state the number of shares offered and limiting a time not being less than fifteen days and not exceeding thirty days from the date of the offer within which the offer, if not accepted, shall be deemed to have been declined;</p> <p>(iii) in the case of a listed company any member, not interested to subscribe, may exercise the right to renounce the shares offered to him in favour of any other person, before the date of expiry stated in the letter of offer; and</p>	<p>(a) to persons who, at the date of the offer, are members of the company in proportion to the existing shares held by such members through sending a letter of offer subject to the following conditions, namely—</p> <p>(i) the shares so offered shall be strictly in proportion to the shares already held in respective kinds and classes;</p> <p>(ii) the letter of offer shall state the number of shares offered and limiting a time not being less than fifteen days and not exceeding thirty days from the date of the offer within which the offer, if not accepted, shall be deemed to have been declined;</p> <p>(iii) in the case of a listed company any member, not interested to subscribe, may exercise the right to renounce the shares offered to him in favour of any other person, before the date of expiry stated in the letter of offer; and</p> <p>(iv) if the whole or any part of the shares offered under this section is declined or is not subscribed, the directors may allot such shares in such manner as they may deem fit within a period of thirty days from the close of the offer as provided under sub-</p>

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	<p>(iv) if the whole or any part of the shares offered under this section is declined or is not subscribed, the directors may allot such shares in such manner as they may deem fit within a period of thirty days from the close of the offer as provided under sub-clause (ii) above or within such extended time not exceeding thirty day with the approval of the Commission:</p> <p style="padding-left: 40px;">Provided that a public company may reserve a certain percentage of further issue for its employees under “Employees Stock Option Scheme” to be approved by the Commission in accordance with the procedure and on such conditions as may be specified.</p> <p>(b) subject to approval of the Commission, to any person, in the case of public company on the basis of a special resolution either for cash or for a consideration other than cash:</p> <p style="padding-left: 40px;">Provided that the value of non-cash asset, service, intellectual property shall be determined by a valuer registered by the Commission.</p>	<p>clause (ii) above or within such extended time not exceeding thirty day with the approval of the Commission;</p> <p>(b) in case of public company, subject to approval of the Commission, to any person, on the basis of a special resolution either for cash or for a consideration other than cash:</p> <p style="padding-left: 40px;">Provided that the value of any non-cash asset, net worth of undertaking, service, benefit or intellectual property shall be determined as may be notified; :</p> <p>(c) in case of a private company, subject to its articles and special resolution, may issue shares to any person, either for cash or for consideration other than cash on such conditions and requirements as may be notified; .</p> <p>(2) The letter of offer referred to in sub-clause (ii) of clause (a) of sub-section (1) shall be duly signed by at least two directors and dispatched through registered post or courier or through electronic mode to all the existing members, ensuring that it reaches the members before the commencement of period for the acceptance of offer.</p> <p>(3) A copy of the letter of offer, referred to in sub-section (2) shall, simultaneously with the dispatch to the members, be sent to the registrar.</p>

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	<p>(2) The letter of offer referred to in sub-clause (ii) of clause (a) of sub-section (1) duly signed by at least two directors shall be dispatched through registered post or courier or through electronic mode to all the existing members, ensuring that it reaches the members before the commencement of period for the acceptance of offer.</p> <p>(3) A copy of the letter of offer, referred to in sub-section (2) shall, simultaneously with the dispatch to the members, be sent to the registrar.</p> <p>(4) Notwithstanding anything contained in this section, where loan has been obtained from any Government by a public sector company, and if that Government considers it necessary in the public interest so to do, it may, by order, direct that such loan or any part thereof shall be converted into shares in that company, on such terms and conditions as appear to the Government to be just and reasonable in the circumstances of the case even if the terms of such loan does do not include the option for such conversion.</p>	<p>(4) Notwithstanding anything contained in this section, where any loan or finances has been obtained from any Government by a public sector company, and if that Government considers it necessary in the public interest so to do, it may, by order, direct that such loan or finances or any part thereof shall be converted into shares in that company, on such terms and conditions as appear to the Government to be just and reasonable in the circumstances of the case even if the terms of such loan or finances does do not include the option for such conversion.</p> <p>(5) In determining the terms and conditions of conversion under sub-section (4), the Government shall have due regard to the financial position of the public sector company, the terms of the rate of interest or profit payable thereon and such other matters as it may consider necessary.</p> <p>(6) Notwithstanding anything contained in this Act or any other law for the time being in force or the memorandum and articles, where the authorised capital of a company is fully subscribed, or the un-subscribed capital is insufficient, the same shall be deemed to have been increased to the extent necessary for issue of shares to the such Government, a scheduled bank or financial institution in pursuance of any obligation of the company to issue shares to such scheduled bank or financial institution.</p> <p>(7) In case shares are allotted in terms of sub-section (6), the company shall be required to file the notice of increase in share capital along with the fee prescribed for such increase with the registrar within the period prescribed under this Act:</p>

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	<p>(5) In determining the terms and conditions of conversion under sub-section (4), the Government shall have due regard to the financial position of the public sector company, the terms of the rate of interest payable thereon and such other matters as it may consider necessary.</p> <p>(6) Notwithstanding anything contained in this Act or any other law for the time being in force or the memorandum and articles, where the authorised capital of a company is fully subscribed, or the un-subscribed capital is insufficient, the same shall be deemed to have been increased to the extent necessary for issue of shares to the Government, a scheduled bank or financial institution in pursuance of any obligation of the company to issue shares to such scheduled bank or financial institution.</p> <p>(7) In case shares are allotted in terms of sub-section (6), the company shall be required to file the notice of increase in share capital along with the fee prescribed for such increase with the registrar within the period prescribed under this Act:</p> <p>Provided that where default is made by a company in complying with the requirement of filing a notice of increase in the authorised capital under this</p>	<p>Provided that where default is made by a company in complying with the requirement of filing a notice of increase in the authorised capital under this Act as well as the fee to be deposited on the authorised capital as deemed to have been increased, the Government, scheduled bank or the financial institution to whom shares have been issued may file notice of such increase with the registrar and such notice shall be deemed to have been filed by the company itself and the Government, scheduled bank or financial institution shall be entitled to recover from the company the amount of any fee paid by it to the registrar in respect of such increase.</p> <p>(8) Any violation of this section shall be an offence liable to a penalty of level 2 on the standard scale.</p>

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	<p>Act as well as the fee to be deposited on the authorised capital as deemed to have been increased, the Government, scheduled bank or the financial institution to whom shares have been issued may file notice of such increase with the registrar and such notice shall be deemed to have been filed by the company itself and the Government, scheduled bank or financial institution shall be entitled to recover from the company the amount of any fee paid by it to the registrar in respect of such increase.</p> <p style="text-align: center;">(8) Any violation of this section shall be an offence liable to a penalty of level 2 on the standard scale.</p>	
<p>10.</p>	<p>New section proposed</p>	<p>83A. Employees’ stock options.— Notwithstanding anything contained in section 83 or any other provisions of this Act, a company may issue shares in accordance with its articles under such employees’ stock option as may be approved by the Commission and in accordance with the such procedure and subject to such conditions as may be specified.</p> <p>Provided that requirement of this section shall not be applicable to startup companies or any other class or classes of companies as may be notified.</p>
<p>11.</p>	<p>86. Prohibition of purchase by company or giving of loans by it for purchase of its shares. (1) No</p>	<p>86. Prohibition of purchase by company or giving of loans by it for purchase of its shares.</p>

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	<p>company having a share capital, other than a listed company shall have power to buy its own shares.</p>	
12.	<p>88. Power of a company to purchase its own shares.—(1) Notwithstanding anything contained in this Act or any other law, for the time being in force, or the memorandum and articles, a listed company may, subject to the provisions of this section and the regulations specified in this behalf, purchase its own shares.</p> <p style="padding-left: 40px;">(2) The shares purchased by the company may, in accordance with the provisions of this section and the regulations, either be cancelled or held as treasury shares.</p> <p style="padding-left: 40px;">(3) The shares held by the company as treasury shares shall, as long as they are so held, in addition to any other conditions as may be specified, be subject to the following conditions, namely—</p> <p style="padding-left: 80px;">(a) the voting rights of these shares shall remain suspended; and</p> <p style="padding-left: 80px;">(b) no cash dividend shall be paid and no other distribution, whether in cash or otherwise of the company’s assets, including any distribution of assets to members on a winding up shall be made to the company in respect of these shares:</p>	<p>88. Power of a company to purchase its own shares.—(1) Notwithstanding anything contained in this Act or any other law, for the time being in force, or the memorandum and articles, a company may, subject to the provisions of this section and the regulations specified in this behalf, purchase its own shares.</p> <p style="padding-left: 40px;">(2) The shares purchased by the company may, in accordance with the provisions of this section and the regulations, either be cancelled or held as treasury shares:</p> <p>Provided that shares purchased by an unlisted public company or a private company shall be cancelled and not be held as treasury shares.</p> <p>Provided further that cancellation of shares under this section shall not be deemed to be a reduction of share Capital within the meaning of Section 89 and such shares shall be cancelled in such form and manner as may be specified.</p> <p style="padding-left: 40px;">(3) The shares held by the company as treasury shares shall, as long as they are so held, in addition to any other conditions as may be specified, be subject to the following conditions, namely—</p>

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	<p>Provided that nothing in this sub-section shall prevent—</p> <p>(a) an allotment of shares as fully paid bonus shares in respect of the treasury shares; and</p> <p>(b) the payment of any amount payable on the redemption of the treasury shares, if they are redeemable.</p> <p>(4) The board shall recommend to the members purchase of the shares. The decision of the board shall clearly specify the number of shares proposed to be purchased, purpose of the purchase <i>i.e.</i> cancellation or holding the shares as treasury shares, the purchase price, period within which the purchase shall be made, source of funds, justification for the purchase and effect on the financial position of the company.</p> <p>(5) The purchase of shares shall be made only under authority of a special resolution.</p> <p>(6) The purchase of shares shall be made within a period as specified in the regulations.</p>	<p>(a) the voting rights of these shares shall remain suspended; and</p> <p>(b) no cash dividend shall be paid and no other distribution, whether in cash or otherwise of the company's assets, including any distribution of assets to members on a winding up shall be made to the company in respect of these shares:</p> <p style="text-align: center;">Provided that nothing in this sub-section shall prevent—</p> <p>(a) an allotment of shares as fully paid bonus shares in respect of the treasury shares; and</p> <p>(b) the payment of any amount payable on the redemption of the treasury shares, if they are redeemable.</p> <p>(4) The board shall recommend to the members purchase of the shares. The decision of the board shall clearly specify the number of shares proposed to be purchased, purpose of the purchase <i>i.e.</i> cancellation or holding the shares as treasury shares, the purchase price, period within which the purchase shall be made, source of funds, justification for the purchase and effect on the financial position of the company.</p> <p>(5) The purchase of shares shall be made only under authority of a special resolution.</p>

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	<p>(7) The proposal of the board to purchase shares shall, on conclusion of the board's meeting, be communicated to the Commission and to the securities exchange on which shares of the company are listed.</p> <p>(8) The purchase of shares shall always be made in cash and shall be out of the distributable profits or reserves specifically maintained for the purpose.</p> <p>(9) The purchase of shares shall be made either through a tender offer or through the securities exchange as may be specified.</p> <p>(10) The company may dispose of the treasury shares in a manner as may be specified.</p> <p>(11) Where a purchase of shares has been made under this section, the company shall maintain a register of shares so purchased and enter therein the following particulars, namely—</p> <ul style="list-style-type: none"> (a) number of shares purchased; (b) consideration paid for the shares purchased; (c) mode of the purchase; 	<p>(6) The purchase of shares shall be made within a period as specified in the regulations.</p> <p>(7) The proposal of the board to purchase shares shall, on conclusion of the board's meeting, be communicated to the Commission and to the securities exchange on which shares of the company are listed.</p> <p>(8) The purchase of shares shall always be made in cash and shall be out of the distributable profits or reserves specifically maintained for the purpose.</p> <p>(9) The purchase of shares shall be made either through a tender offer or through the securities exchange as may be specified.</p> <p>(10) The company may dispose of the treasury shares in a manner as may be specified.</p> <p>(11) Where a purchase of shares has been made under this section, the company shall maintain a register of shares so purchased and enter therein the following particulars, namely—</p> <ul style="list-style-type: none"> (a) number of shares purchased; (b) consideration paid for the shares purchased; (c) mode of the purchase; (d) the date of cancellation or re-issuance of such shares;

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	<p>(d) the date of cancellation or re-issuance of such shares;</p> <p>(e) number of bonus shares issued in respect of treasury shares; and</p> <p>(f) number and amount of treasury shares redeemed, if redeemable.</p> <p>(12) Any violation of this section shall be an offence liable to a penalty of level 3 on the standard scale and shall also be individually and severally liable for any or all losses or damages arising out of such contravention.</p>	<p>(e) number of bonus shares issued in respect of treasury shares; and</p> <p>(f) number and amount of treasury shares redeemed, if redeemable.</p> <p>(12) Any violation of this section shall be an offence liable to a penalty of level 3 on the standard scale and shall also be individually and severally liable for any or all losses or damages arising out of such contravention.</p>
13.	<p>137. Proxies.—(1) A member of a company entitled to attend and vote at a meeting of the company may appoint another person as his proxy to exercise all or any of his rights to attend, speak and vote at a meeting:</p> <p>Provided that—</p> <p>(a) unless the articles of a company otherwise provide, this sub-section shall not apply in the case of a company not having a share capital;</p> <p>(b) a member shall not be entitled to appoint more than one proxy to attend any one meeting;</p>	<p>137. Proxies.—(1) A member of a company entitled to attend and vote at a meeting of the company may appoint another person as his proxy to exercise all or any of his rights to attend, speak and vote at a meeting:</p> <p>Provided that—</p> <p>(a) unless the articles of a company otherwise provide, this sub-section shall not apply in the case of a company not having a share capital;</p> <p>(b) a member shall not be entitled to appoint more than one proxy to attend any one meeting;</p>

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	<p>(c) if any member appoints more than one proxy for any one meeting and more than one instruments of proxy are deposited with the company, all such instruments of proxy shall be rendered invalid; and</p> <p>(d) a proxy must be a member unless the articles of the company permit appointment of a non-member as proxy.</p> <p>(2) Subject to the provisions of sub-section (1), every notice of a meeting of a company shall prominently set out the member's right to appoint a proxy and the right of such proxy to attend, speak and vote in the place of the member at the meeting and every such notice shall be accompanied by a proxy form.</p> <p>(3) The instrument appointing a proxy shall—</p> <p>(a) be in writing; and</p> <p>(b) be signed by the appointer or his attorney duly authorised in writing, or if the appointer is a body corporate, be under its seal or be signed by an officer or an attorney duly authorised by it.</p>	<p>(c) if any member appoints more than one proxy for any one meeting and more than one instruments of proxy are deposited with the company, all such instruments of proxy shall be rendered invalid; and</p> <p>(d) a proxy must be a member unless the articles of the company permit appointment of a non-member as proxy.</p> <p>(2) Subject to the provisions of sub-section (1), every notice of a meeting of a company shall prominently set out the member's right to appoint a proxy and the right of such proxy to attend, speak and vote in the place of the member at the meeting and every such notice shall be accompanied by a proxy form.</p> <p>(3) The instrument appointing a proxy shall—</p> <p>(a) be in writing; and</p> <p>(b) be signed by the appointer or his attorney duly authorised in writing, or if the appointer is a body corporate, be under its seal, if it has one or be signed by an officer or an attorney duly authorised by it.</p> <p>(4) An instrument appointing a proxy, if in the form set out in Regulation 43 of Table A in the First Schedule shall not be questioned on the ground that it fails to comply with any special requirements specified for such instruments by the articles.</p>

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	<p>(4) An instrument appointing a proxy, if in the form set out in Regulation 43 of Table A in the First Schedule shall not be questioned on the ground that it fails to comply with any special requirements specified for such instruments by the articles.</p> <p>(5) The proxies must be lodged with the company not later than forty-eight hours before the time for holding a meeting and any provision to the contrary in the company's articles shall be void.</p> <p>(6) In calculating the period mentioned in sub-section (5), no account shall be taken of any part of the day that is not a working day.</p> <p>(7) The members or their proxies shall be entitled to do any or all the following things in a general meeting, namely—</p> <p>(a) subject to the provisions of section 143, demand a poll on any question; and</p> <p>(b) on a question before the meeting in which poll is demanded, to abstain from voting or not to exercise their full voting rights;</p>	<p>(5) The proxies must be lodged with the company not later than forty-eight hours before the time for holding a meeting and any provision to the contrary in the company's articles shall be void.</p> <p>(6) In calculating the period mentioned in sub-section (5), no account shall be taken of any part of the day that is not a working day.</p> <p>(7) The members or their proxies shall be entitled to do any or all the following things in a general meeting, namely—</p> <p>(a) subject to the provisions of section 143, demand a poll on any question; and</p> <p>(b) on a question before the meeting in which poll is demanded, to abstain from voting or not to exercise their full voting rights;</p> <p>and any provision to the contrary in the articles shall be void.</p> <p>(8) Every member entitled to vote at a meeting of the company shall be entitled to inspect during the business hours of the company all proxies lodged with the company.</p> <p>(9) The provisions of this section shall apply <i>mutatis mutandis</i> to the meeting of a particular class of members as they apply to a general meeting of all the members.</p> <p>(10) Failure to issue notices in time or issuing notices with material defect or omission or any other contravention of this section which has the effect of preventing participation or use of full rights by a member or his proxy</p>

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	<p>and any provision to the contrary in the articles shall be void.</p> <p>(8) Every member entitled to vote at a meeting of the company shall be entitled to inspect during the business hours of the company all proxies lodged with the company.</p> <p>(9) The provisions of this section shall apply <i>mutatis mutandis</i> to the meeting of a particular class of members as they apply to a general meeting of all the members.</p> <p>(10) Failure to issue notices in time or issuing notices with material defect or omission or any other contravention of this section which has the effect of preventing participation or use of full rights by a member or his proxy shall make the company and its every officer who is a party to the default or contravention liable to—</p> <p>(a) a penalty of level 2 on the standard scale if the default relates to a listed company; and</p> <p>(b) to a penalty of level 1 on the standard scale if the default relates to any other company.</p>	<p>shall make the company and its every officer who is a party to the default or contravention liable to—</p> <p>(a) a penalty of level 2 on the standard scale if the default relates to a listed company; and</p> <p>(b) to a penalty of level 1 on the standard scale if the default relates to any other company.</p>
14.	<p>140. Notice of resolution.—(1) The notice of a general meeting of a company shall state the general nature of each business proposed to be considered and</p>	<p>140. Notice of resolution.—(1) The notice of a general meeting of a company shall state the general nature of each business proposed to be considered and dealt with at a meeting, and in case of special resolution, accompanied by the draft resolution.</p>

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S#	Existing provisions of Companies Act	Proposed changes
	<p>dealt with at a meeting, and in case of special resolution, accompanied by the draft resolution.</p> <p>(2) The members having not less than ten percent voting power in the company may give notice of a resolution and such resolution together with the supporting statement, if any, which they propose to be considered at the meeting, shall be forwarded so as to reach the company—</p> <p>(a) in the case of a meeting requisitioned by the members, together with the requisition for the meeting;</p> <p>(b) in any other case, at least ten days before the meeting; and the company shall forthwith circulate such resolution to all the members.</p> <p>(3) Any contravention or default in complying with requirement of this section shall be an offence liable—</p> <p>(a) in case of a listed company, to a penalty of level 2 on the standard scale; and</p> <p>(b) in case of any other company, to a penalty of level 1 on the standard scale.</p>	<p>(2) The members having not less than five percent voting power in the company may give notice of a resolution and such resolution together with the supporting statement, if any, which they propose to be considered at the meeting, shall be forwarded so as to reach the company—</p> <p>(a) in the case of a meeting requisitioned by the members, together with the requisition for the meeting;</p> <p>(b) in any other case, at least ten days before the meeting; and the company shall forthwith circulate such resolution to all the members.</p> <p>(3) Any contravention or default in complying with requirement of this section shall be an offence liable—</p> <p>(a) in case of a listed company, to a penalty of level 2 on the standard scale; and</p> <p>(b) in case of any other company, to a penalty of level 1 on the standard scale.</p>
15.	<p>201. Method of contracting.—(1) A contract or other enforceable obligation may be entered into by a company as follows:</p> <p>(a) an obligation which, if entered into by a natural person, will, by law, be required to be by deed or otherwise in writing, may be entered into on behalf of</p>	<p>201. Method of contracting.—(1) A contract or other enforceable obligation may be entered into by a company as follows:</p> <p>(a) an obligation which, if entered into by a natural person, will, by law, be required to be by deed or otherwise in writing, may be entered into on behalf of the company in writing signed under the name of the company by a</p>

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	<p>the company in writing signed under the name of the company by a director, attorney or any other person duly authorised by the board and may affix common seal of the company;</p> <p>(b) an obligation which, if entered into by a natural person, is not, by law, required to be in writing, may be entered into on behalf of the company in writing or orally by a person acting under the company's express or implied authority.</p> <p>(2) All contracts made according to sub-section (1) shall be effectual in law and shall bind the company and its successors and all other parties thereto, their heirs, or legal representatives as the case may be.</p>	<p>director, attorney or any other person duly authorised by the board and may affix common seal of the company, if it has one;</p> <p>(b) an obligation which, if entered into by a natural person, is not, by law, required to be in writing, may be entered into on behalf of the company in writing or orally by a person acting under the company's express or implied authority.</p> <p>(2) All contracts made according to sub-section (1) shall be effectual in law and shall bind the company and its successors and all other parties thereto, their heirs, or legal representatives as the case may be.</p>
16.	<p>208. Related party transactions. (1) A company may enter into any contract or arrangement with a related party only in accordance with the policy approved by the board, subject to such conditions as may be specified, with respect to—</p> <p>(a) sale, purchase or supply of any goods or materials;</p> <p>(b) selling or otherwise disposing of, or buying, property of any kind;</p> <p>(c) leasing of property of any kind;</p> <p>(d) availing or rendering of any services;</p> <p>(e) appointment of any agent for purchase or sale of goods, materials, services or property; and</p>	<p>208. Related party transactions. (1) A company may enter into any contract or arrangement with a related party only in accordance with the policy approved by the board, subject to such conditions as may be specified, with respect to—</p> <p>(a) sale, purchase or supply of any goods or materials;</p> <p>(b) selling or otherwise disposing of, or buying, property of any kind;</p> <p>(c) leasing of property of any kind;</p> <p>(d) availing or rendering of any services;</p> <p>(e) appointment of any agent for purchase or sale of goods, materials, services or property; and</p>

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	<p>(f) such related party's appointment to any office or place of profit in the company, its subsidiary company or associated company:</p> <p>Provided that where majority of the directors are interested in any of the above transactions, the matter shall be placed before the general meeting for approval as special resolution:</p> <p>Provided also that nothing in this sub-section shall apply to any transactions entered into by the company in its ordinary course of business on an arm's length basis.</p> <p>Explanation.—In this sub-section— (a) the expression —office of profit means any office—</p> <p>(i) where such office is held by a director, if the director holding it receives from the company anything by way of remuneration over and above the remuneration to which he is entitled as director, by way of salary, fee, commission, perquisites, any rent-free accommodation, or otherwise;</p> <p>(ii) where such office is held by an individual other than a director or by any firm, private company or other body corporate, if the individual, firm, private company or body corporate holding it receives from the company anything by way of remuneration, salary,</p>	<p>(f) such related party's appointment to any office or place of profit in the company, its subsidiary company or associated company:</p> <p>Provided that where majority of the directors of a listed company are interested in any of the transaction it shall be placed before the general meeting, along with review of the terms to be conducted by an independent external expert as may be notified for approval through special resolution and in such meeting of members the interested directors or shareholders shall not exercise their voting rights and quorum provided in section 135 shall not be applicable.</p> <p>:</p> <p>Provided also that nothing in this sub-section shall apply to any transactions entered into by the company in its ordinary course of business on an arm's length basis.</p> <p>Explanation.—In this sub-section— (a) the expression —office of profit means any office—</p> <p>-----</p>

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	<p>fee, commission, perquisites, any rent-free accommodation, or otherwise;</p> <p>(b) the expression —arm’s length transaction means a transaction which is subject to such terms and conditions as may be specified.</p> <p>(c) the expression —related party includes—</p> <p>(i) a director or his relative;</p> <p>(ii) a key managerial personnel or his relative;</p> <p>(iii) a firm, in which a director, manager or his relative is a partner;</p> <p>(iv) a private company in which a director or manager is a member or director;</p> <p>(v) a public company in which a director or manager is a director or holds alongwith his relatives, any shares of its paid up share capital;</p> <p>(vi) any body corporate whose chief executive or manager is accustomed to act in accordance with the advice, directions or instructions of a director or manager;</p> <p>(vii) any person on whose advice, directions or instructions a director or manager is accustomed to act:</p>	

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	<p>Provided that nothing in sub-clauses (vi) and (vii) shall apply to the advice, directions or instructions given in a professional capacity;</p> <p>(viii) any company which is—</p> <p>(A) a holding, subsidiary or an associated company of such company; or</p> <p>(B) a subsidiary of a holding company to which it is also a subsidiary;</p> <p>(ix) such other person as may be specified;</p> <p>Explanation.—For the purpose of this section —relative means spouse, siblings and lineal ascendants and descendants of a person.</p> <p>(2) Every contract or arrangement entered into under sub-section (1) shall be referred to in the board’s report to the shareholders along-with the justification for entering into such contract or arrangement.</p> <p>(3) The Commission may specify the record to be maintained by the company with regards to transactions undertaken with the related party.</p> <p>(4) Where any contract or arrangement is entered into by a director or any other employee, without obtaining the consent of the board or approval by a special resolution in the general meeting under sub-section (1) and if it is not ratified by the board or, as the case may be, by the shareholders at a meeting within ninety days from the date on which such contract or arrangement was entered into, such contract or arrangement shall be voidable at the option of the board and if the contract or arrangement is with a related party to any director, or is authorised by any</p>	

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	<p>other director, the directors concerned shall indemnify the company against any loss incurred by it.</p> <p>(5) Without prejudice to anything contained in sub-section (4), it shall be open to the company to proceed against a director or any employee who had entered into such contract or arrangement in contravention of the provisions of this section for recovery of any loss sustained by it as a result of such contract or arrangement.</p> <p>(6) Any director or any other employee of a company, who had entered into or authorised the contract or arrangement in violation of the provisions of this section shall be liable—</p> <p>(a) in case of listed company, be punishable with imprisonment for a term which may extend to three years or with fine which shall not be less than five million rupees, or with both; and</p> <p>(b) in case of any other company, to a penalty of level 2 on the standard scale.</p> <p>the particulars of all contracts or arrangements, in such manner and containing such particulars as may be specified by the Commission.</p> <p>(2) Every director shall, within a period of thirty days of his appointment, or relinquishment of his office, as the case may be, disclose to the company the particulars relating to his concern or interest in the other associations which are required to be included in the register under sub-section (1) or such other information relating to himself as may be specified.</p>	

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	<p>(3) The register referred to in sub-section (1) shall be kept at the registered office of the company and it shall be open for inspection at such office during business hours and extracts may be taken therefrom, and copies thereof as may be required by any member of the company shall be furnished by the company to such extent, in such manner, and on payment of such fees as may be specified.</p> <p>(4) The register to be kept under this section shall also be produced at the commencement of every annual general meeting of the company and shall remain open and accessible during the continuance of the meeting to any person having the right to attend the meeting.</p> <p>(5) Nothing contained in sub-section (1) shall apply to any contract or arrangement—</p> <p>(a) for the sale, purchase or supply of any goods, materials or services if the value of such goods and materials or the cost of such services does not exceed five hundred thousand rupees in the aggregate in any year; or</p> <p>(b) by a banking company for the collection of bills in the ordinary course of its business.</p> <p>(6) Any contravention or default in complying with requirements under this section shall be an offence liable to a penalty of level 1 on the standard scale.</p>	
17.	<p>227. Contents of directors' report and statement of compliance.—(1) The directors shall make out and attach to the financial statements, a report with respect to the state of the company's affairs and a fair review</p>	<p>227. Contents of directors' report and statement of compliance.—(1) The directors shall make out and attach to the financial statements, a report with respect to the state of the company's affairs and a fair review of its business, the amount (if any), that the directors recommend should be paid</p>

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	<p>of its business, the amount (if any), that the directors recommend should be paid by way of dividend and the amount (if any), they propose to carry to the Reserve Fund, General Reserve or Reserve Account.</p> <p>(2) In the case of a public company or a private company which is a subsidiary of a public company, the directors report, in addition to the matters specified in sub-section (1) must state—</p> <p>(a) the names of the persons who, at any time during the financial year, were directors of the company;</p> <p>(b) the principal activities and the development and performance of the company’s business during the financial year;</p> <p>(c) a description of the principal risks and uncertainties facing the company;</p> <p>(d) any changes that have occurred during the financial year concerning the nature of the business of the company or of its subsidiaries, or any other company in which the company has interest,;</p> <p>(e) the information and explanation in regard to any contents of modification in the auditor’s report;</p> <p>(f) information about the pattern of holding of the shares in the form specified;</p>	<p>by way of dividend and the amount (if any), they propose to carry to the Reserve Fund, General Reserve or Reserve Account.</p> <p>(2) In the case of a public company or a private company which is a subsidiary of a public company, the directors report, in addition to the matters specified in sub-section (1) must state—</p> <p>(a) the names of the persons who, at any time during the financial year, were directors of the company;</p> <p>(b) the principal activities and the development and performance of the company’s business during the financial year;</p> <p>(c) a description of the principal risks and uncertainties facing the company;</p> <p>(d) any changes that have occurred during the financial year concerning the nature of the business of the company or of its subsidiaries, or any other company in which the company has interest,;</p> <p>(e) the information and explanation in regard to any contents of modification in the auditor’s report;</p> <p>(f) information about the pattern of holding of the shares in the form specified;</p> <p>(g) the name and country of origin of the holding company, if such company is a foreign company;</p> <p>(h) the earning per share;</p>

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	<p>(g) the name and country of origin of the holding company, if such company is a foreign company;</p> <p>(h) the earning per share;</p> <p>the reasons for loss if incurred during the year and future prospects of profit, if any;</p> <p>(j) information about defaults in payment of any debts and reasons thereof;</p> <p>(k) comments in respect of adequacy internal financial controls;</p> <p>(l) any material changes and commitments affecting the financial position of the company which have occurred between the end of the financial year of the company to which the financial statement relates and the date of the report; and</p> <p>(m) any other information as may be specified.</p> <p>(3) In the case of a listed company, the business review must, to the extent necessary for understanding the development, performance or position of the company's business, include—</p> <p>(a) the main trends and factors likely to affect the future development, performance and position of the company's business;</p> <p>(b) the impact of the company's business on the environment;</p>	<p>the reasons for loss if incurred during the year and future prospects of profit, if any;</p> <p>(j) information about defaults in payment of any debts and reasons thereof;</p> <p>(k) comments in respect of adequacy internal financial controls;</p> <p>(l) any material changes and commitments affecting the financial position of the company which have occurred between the end of the financial year of the company to which the financial statement relates and the date of the report;</p> <p>(la) disclosure with respect to remuneration package of each directors including but not limited to salary, benefits, bonuses, stock options, pension and other incentives; and</p> <p>(m) any other information as may be specified.</p> <p>(3) In the case of a listed company, the business review must, to the extent necessary for understanding the development, performance or position of the company's business, include—</p> <p>(a) the main trends and factors likely to affect the future development, performance and position of the company's business;</p> <p>(b) the impact of the company's business on the environment;</p> <p>(c) the activities undertaken by the company with regard to corporate social responsibility during the year; and</p>

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	<p>(c) the activities undertaken by the company with regard to corporate social responsibility during the year; and</p> <p>(d) directors' responsibility in respect of adequacy of internal financial controls as may be specified.</p> <p>(4) The board shall make out and attach to the financial statement such statement of compliance as may be specified.</p> <p>(5) The directors' report and statement of compliance must be approved by the board and signed by the chief executive and a director of the company.</p> <p>(6) Whoever contravenes any of the provisions of this section shall—</p> <p>(a) in respect of a listed company, be punishable with imprisonment for a term which may extend to two years and with fine may extend to five hundred thousand rupees and with a further fine which may extend to ten thousand rupees for every day after the first during which the default continues; and</p> <p>(b) in respect of any other company, be punishable with imprisonment for a term which may extend to one year and with fine which may extend to one hundred thousand rupees.</p>	<p>(d) directors' responsibility in respect of adequacy of internal financial controls as may be specified.</p> <p>(4) The board shall make out and attach to the financial statement such statement of compliance as may be specified.</p> <p>(5) The directors' report and statement of compliance must be approved by the board and signed by the chief executive and a director of the company.</p> <p>(6) Whoever contravenes any of the provisions of this section shall—</p> <p>(a) in respect of a listed company, be punishable with imprisonment for a term which may extend to two years and with fine may extend to five hundred thousand rupees and with a further fine which may extend to ten thousand rupees for every day after the first during which the default continues; and</p> <p>(b) in respect of any other company, be punishable with imprisonment for a term which may extend to one year and with fine which may extend to one hundred thousand rupees.</p>

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18.	<p>211. Restriction on non-cash transactions involving directors.—(1) No company shall enter into an arrangement by which—</p> <p>(a) a director of the company or its holding, subsidiary or associated company or a person connected with him acquires or is to acquire assets for consideration other than cash, from the company; or</p> <p>(b) the company acquires or is to acquire assets for consideration other than cash, from such director or person so connected;</p> <p>unless prior approval for such arrangement is accorded by a resolution of the company in general meeting and if the director or connected person is a director of its holding company, approval under this sub-section shall also be required to be obtained by passing a resolution in general meeting of the holding company.</p> <p>(2) The notice for approval of the resolution by the company or holding company in general meeting under sub-section (1) shall include the particulars of the arrangement along-with the value of the assets involved in such arrangement duly calculated by a registered valuer.</p> <p>(3)-----</p>	<p>211. Restriction on non-cash transactions involving directors.—(1) No company shall enter into an arrangement by which—</p> <p>(a) a director of the company or its holding, subsidiary or associated company or a person connected with him acquires or is to acquire assets for consideration other than cash, from the company; or</p> <p>(b) the company acquires or is to acquire assets for consideration other than cash, from such director or person so connected;</p> <p>unless prior approval for such arrangement is accorded by a resolution of the company in general meeting and if the director or connected person is a director of its holding company, approval under this sub-section shall also be required to be obtained by passing a resolution in general meeting of the holding company.</p> <p>(2) The notice for approval of the resolution by the company or holding company in general meeting under sub-section (1) shall include the particulars of the arrangement along-with the value of the assets involved in such arrangement duly calculated by a valuer.</p>
19.	<p>287. Powers of Court under section 286.—Without prejudice to the generality of the powers of the Court under section 286, an order under that section may provide for—</p>	<p>287. Powers of Court under section 286.—Without prejudice to the generality of the powers of the Court under section 286, an order under that section may provide for—</p> <p>(a) the termination, setting aside or modification of any agreement or award compensation, however arrived at between the company and any director,</p>

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	<p>(a) the termination, setting aside or modification of any agreement, however arrived at between the company and any director, including the chief executive or other officer, upon such terms and conditions as may, in the opinion of the Court be just and equitable in all the circumstances;</p> <p>(b) setting aside of any transfer, delivery of goods, payment, execution or other transactions not relating to property made or done by or against the company within ninety days before the date of the application which would, if made or done by or against an individual, be deemed in his insolvency to be a fraudulent preference; and</p> <p>(c) any other matter, including a change in management, for which in the opinion of the Court it is just and equitable that provision should be made.</p>	<p>including the chief executive or other officer or the Board, wherein Court concludes that such agreement suffers from conflict of interest on the part of any director or the Board or any such agreement or contract is prejudicial to the interest of members upon such terms and conditions as may, in the opinion of the Court be just and equitable in all the circumstances;</p> <p>(b) setting aside of any transfer, delivery of goods, payment, execution or other transactions not relating to property made or done by or against the company within ninety days before the date of the application which would, if made or done by or against an individual, be deemed in his insolvency to be a fraudulent preference; and</p> <p>(c) any other matter, including a change in management, for which in the opinion of the Court it is just and equitable that provision should be made.</p>
20.	<p>321. Report by official liquidator.—(1) Where the Court has made a winding up order and appointed an official liquidator, such liquidator shall, as soon as practicable after receipt of the statement to be submitted under section 320 and not later than sixty days, from the date of the winding up order submit a report to the Court, containing the following particulars, namely.—</p> <p>(a) the nature and details of the assets of the company including their location and current value duly ascertained by a registered valuer;</p>	<p>321. Report by official liquidator.—(1) Where the Court has made a winding up order and appointed an official liquidator, such liquidator shall, as soon as practicable after receipt of the statement to be submitted under section 320 and not later than sixty days, from the date of the winding up order submit a report to the Court, containing the following particulars, namely.—</p> <p>(a) the nature and details of the assets of the company including their location and current value duly ascertained by a valuer;</p> <p>(b) the cash balance in hand and in the bank, if any, and the negotiable securities, if any, held by the company; -----</p>

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	<p>(b) the cash balance in hand and in the bank, if any, and the negotiable securities, if any, held by the company; -----</p>	
<p>21.</p>	<p>337. Powers and duties of official liquidator.—(1) Subject to directions by the Court, if any, in this regard, the official liquidator, in a winding up of a company, shall have the power—</p> <p>(a) to carry on the business of the company so far as may be necessary for the beneficial winding up of the company;</p> <p>(b) to do all acts and to execute, in the name and on behalf of the company, all deeds, receipts and other documents, and for that purpose, to use, when necessary, the company’s seal;</p> <p>(c) to sell the immovable and movable property and actionable claims of the company by public auction or private contract, with power to transfer such property to any person or body corporate;</p> <p>(d) to sell whole of the undertaking of the company as a going concern;</p> <p>(e) to institute or defend any suit, prosecution or other legal proceeding, civil or criminal, in the name and on behalf of the company;</p>	<p>337. Powers and duties of official liquidator.—(1) Subject to directions by the Court, if any, in this regard, the official liquidator, in a winding up of a company, shall have the power—</p> <p>(a) to carry on the business of the company so far as may be necessary for the beneficial winding up of the company;</p> <p>(b) to do all acts and to execute, in the name and on behalf of the company, all deeds, receipts and other documents, and for that purpose, to use, when necessary, the company’s seal, if it has one;</p> <p>(c) -----</p>

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S#	Existing provisions of Companies Act	Proposed changes
	<p>(f) to invite and settle claim of creditors, employees or any other claimant and distribute sale proceeds in accordance with priorities established under this Act;</p> <p>(g) to draw, accept, make and endorse any negotiable instruments in the name and on behalf of the company, with the same effect with respect to the liability of the company as if such instruments had been drawn, accepted, made or endorsed by or on behalf of the company in the course of its business;</p> <p>(h) to obtain any professional assistance from any person or appoint any professional, in discharge of his duties, obligations and responsibilities and for protection of the assets of the company, appoint an agent to do any business which the official liquidator is unable to do himself;</p> <p>(i) to appoint an Advocate entitled to appear before the Court or such person as may be prescribed to assist him in the performance of his duties;</p> <p>(j) to take all such actions, steps, or to sign, execute and verify any paper, deed, document, application, petition, affidavit, bond or instrument as may be necessary-</p> <p>(i) for winding up of the company;</p> <p>(ii) for distribution of assets;</p>	

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S#	Existing provisions of Companies Act	Proposed changes
	<p>(iii) in discharge of his duties and obligations and functions as official liquidator; and</p> <p>(k) to apply to the Court for such orders or directions as may be necessary for the winding up of the company.</p> <p>(2) The exercise of powers by the official liquidator under sub-section (1) shall be subject to the overall control of the Court, and any creditor or contributory or the registrar may apply to the Court with respect to any exercise or proposed exercise of any of the said powers.</p> <p>(3) Notwithstanding the provisions of sub-section (1), the official liquidator shall perform such other duties as the Court may specify in this behalf.</p>	
22.	<p>435. Documents to be delivered to registrar by foreign companies. (1) Every foreign company which, after the commencement of this Act, establishes a place of business in Pakistan shall, within thirty days of the establishment of the place of business or conduct of business activity, deliver to the registrar—</p> <p>(a) a certified copy of the charter, statute or memorandum and articles of the company, or other instrument constituting or defining the constitution of the company, and if the instrument is not written in the English or Urdu language, a certified translation thereof in the English or Urdu language;</p>	<p>435. Documents to be delivered to registrar by foreign companies. (1) Every foreign company which, after the commencement of this Act, establishes a place of business in Pakistan shall, within thirty days of the establishment of the place of business or conduct of business activity, deliver to the registrar—</p> <p>(a) a certified copy of the charter, statute or memorandum and articles of the company, or other instrument constituting or defining the constitution of the company, and if the instrument is not written in the English or Urdu language, a certified translation thereof in the English or Urdu language;</p> <p>(b) the full address of the registered or principal office of the company;</p> <p>(c) a list of the directors, chief executive and secretary (if any) of the company;</p>

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S#	Existing provisions of Companies Act	Proposed changes
	<p>(b) the full address of the registered or principal office of the company;</p> <p>(c) a list of the directors, chief executive and secretary (if any) of the company;</p> <p>(d) a return showing the full present and former names and surnames, father's name or, in the case of a married woman or widow, the name of her husband or deceased husband, present and former nationality, designation and full address in Pakistan of the principal officer of the company in Pakistan by whatever name called;</p> <p>(e) the full present and former names and surnames, father's name, or, in case of a married woman or widow, the name of her husband or deceased husband, present and former nationality, occupation and full addresses of some one or more persons resident in Pakistan authorised to accept on behalf of the company service of process and any notice or other document required to be served on the company together with his consent to do so; and</p> <p>(f) the full address of that office of the company in Pakistan which is to be deemed its principal place of business in Pakistan of the company.</p> <p><i>Explanation.</i>– For the purposes of this section the term “conduct of business activity” includes any business to be undertaken by a foreign company by</p>	<p>(d) a return showing the full present and former names and surnames, present and former nationality, full address in Pakistan and such other particulars as may be specified of the principal officer of the company in Pakistan by whatever name called;</p> <p>(e) the full present and former names and surnames, full addresses and such other particulars as may be specified of some one or more persons resident in Pakistan authorised to accept on behalf of the company service of process and any notice or other document required to be served on the company together with his consent to do so; and</p> <p>(f) the full address of that office of the company in Pakistan which is to be deemed its principal place of business in Pakistan of the company.</p> <p><i>Explanation.</i>– For the purposes of this section the term “conduct of business activity” includes any business to be undertaken by a foreign company by virtue of its memorandum and articles of association or as licensed or authorized by any law.</p> <p>(2) The list referred to in clause (c) of sub-section (1) shall contain the following particulars, that is to say—</p> <p>(a) with respect to each director—</p> <p>(i) in the case of an individual, his present and former name and surname in full, his usual residential address, his nationality, and if that nationality is not the nationality of origin, his nationality of origin, and his business occupation, if any, and any other directorship which he holds;</p> <p>(ii) in the case of a body corporate, its corporate name and registered or principal office; and the full name, address, nationality and nationality of origin, if different from that nationality, of each of its director;</p>

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S#	Existing provisions of Companies Act	Proposed changes
	<p>virtue of its memorandum and articles of association or as licensed or authorized by any law.</p> <p>(2) The list referred to in clause (c) of sub-section (1) shall contain the following particulars, that is to say—</p> <p>(a) with respect to each director—</p> <p>(i) in the case of an individual, his present and former name and surname in full, his usual residential address, his nationality, and if that nationality is not the nationality of origin, his nationality of origin, and his business occupation, if any, and any other directorship which he holds;</p> <p>(ii) in the case of a body corporate, its corporate name and registered or principal office; and the full name, address, nationality and nationality of origin, if different from that nationality, of each of its director;</p> <p>(b) with respect to the secretary, or where there are joint secretaries, with respect to each of them—</p> <p>(i) in the case of an individual, his present and former name and surname, and his usual residential address;</p> <p>(ii) in the case of a body corporate, its corporate name and registered or principal office:</p> <p>Provided that, where all the partner in a firm are joint secretaries of the company, the name and principal office of the firm may be stated instead of the particulars mentioned in clause (b).</p>	<p>(b) with respect to the secretary, or where there are joint secretaries, with respect to each of them—</p> <p>(i) in the case of an individual, his present and former name and surname, and his usual residential address;</p> <p>(ii) in the case of a body corporate, its corporate name and registered or principal office:</p> <p>Provided that, where all the partner in a firm are joint secretaries of the company, the name and principal office of the firm may be stated instead of the particulars mentioned in clause (b).</p> <p>(3) Every foreign company, other than a company mentioned in sub-section (1) shall, if it has not delivered to the registrar before the commencement of this Act the documents and particulars specified in section 451 of the Companies Ordinance, 1984 (XLVII of 1984), shall continue to be subject to the obligation to deliver those documents and particulars and be liable to penalties in accordance with the provisions of that Ordinance.</p>

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S#	Existing provisions of Companies Act	Proposed changes
	<p>(3) Every foreign company, other than a company mentioned in sub-section (1) shall, if it has not delivered to the registrar before the commencement of this Act the documents and particulars specified in section 451 of the Companies Ordinance, 1984 (XLVII of 1984), shall continue to be subject to the obligation to deliver those documents and particulars and be liable to penalties in accordance with the provisions of that Ordinance.</p>	
23.	New provision	<p>458 A. Measures for greater ease of doing business.—Notwithstanding anything contained in this Act or in any other law for the time being in force, the Commission may implement measures for providing greater ease of doing business, improving regulatory quality and efficiency and facilitating innovation and the use of technology in conducting business by the corporate sector, including but not limited to:</p> <p>(a) formalizing existing practices through regulations and implementing other measures for attaining international standards of regulatory quality and efficiency for greater ease of doing business;</p> <p>(b) specifying modes and procedures for enabling greater ease of entry into and exit from the market to startup companies;</p> <p>(c) constituting special task groups from the corporate sector for encouraging the use of financial technology in the conduct of business;</p>

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S#	Existing provisions of Companies Act	Proposed changes
		<p>(d) creating environments for testing and examining the impact of innovation, new processes or technologies outside the existing regulatory framework including but not limited to crowdfunding, digital assets, Open APIs, Smart Contracts, Cloud based solutions and allowing the establishment and use of regulatory sandboxes;</p> <p>(e) encouraging the use of technology for providing for meeting regulatory reporting requirements, risk assessment, customer due diligence, the issuance of suspicious transaction reports, keeping records and such other requirements as may be specified to meet anti-money laundering and counter-terrorism financing standards;</p> <p>(f) improving regulatory compliance and specifying proportionate data-driven standards for the corporate sector to take measures for cybersecurity, data sovereignty and algorithm supervision;</p> <p>(g) specifying exemptions and incentives under the prevailing laws with the object of fostering innovation, promoting startups and an entrepreneurship ecosystem in line with international best practices;</p> <p>(h) improving regulatory monitoring, reporting, and compliance requirements;</p> <p>(i) prescribing such other frameworks as may be notified by the Commission for stimulating innovation and financial inclusion in the conduct of business by the corporate sector through the use of financial technology, regulatory technology and supervisory technology:</p>

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S#	Existing provisions of Companies Act	Proposed changes
		<p>Provided that the Commission may take such measures prior to the issuance of regulations as it may deemed fit through guidelines, policy papers, frameworks or such other modes or mechanisms.</p>
24.	<p>460. Valuation by registered valuers.—(1) Where a valuation is required to be made in respect of any property, stocks, shares, debentures, securities or goodwill or any other assets (herein referred to as the assets) or net worth of a company or its liabilities under the provisions of this Act, it shall be valued by a person having such qualifications and experience and registered as a valuer in such manner, on such terms and conditions as may be specified.</p> <p>(2) The valuer appointed under sub-section (1) shall—</p> <p>(a) make an impartial, true and fair valuation of any assets which may be required to be valued;</p> <p>(b) exercise due diligence while performing the functions as valuer; and</p> <p>(c) not undertake valuation of any assets in which he has a direct or indirect interest or becomes so interested at any time before submission of the report.</p> <p>(3) The valuer shall prepare his report in such manner and applying such approaches, as may be specified.</p> <p>(4) If a valuer contravenes the provisions of this section or the regulations made thereunder, the valuer</p>	<p>Omitted</p>

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S#	Existing provisions of Companies Act	Proposed changes
	<p>shall be liable to a penalty of level 2 on the standard scale: Provided that if the valuer has contravened such provisions with the intention to defraud the company, its members or creditors, he shall be punishable with imprisonment for a term which may extend to one year and with fine which may extend to five hundred thousand rupees.</p> <p>(5) Where a valuer has been convicted under subsection (4), he shall be liable to—</p> <p>(a) refund the remuneration received by him to the company; and</p> <p>(b) pay for damages to the company or to any other person for loss arising out of incorrect or misleading statements of particulars made in his report.</p> <p>(6) The registration as valuer under this section shall be liable to be cancelled by the Commission on such grounds and in such manner as may be specified after providing an opportunity of being heard.</p>	